



Staff Report

TO: Board of Harbor Commissioners

FROM: Julie van Hoff, Director of Administrative Services

THRU: James B. Pruet, General Manager

DATE: July 24, 2020

SUBJECT: Charges for Services & Rent - COVID-19 Related Delinquencies

Issue/Topic:

The COVID-19 pandemic and the resulting State of Emergency/Shelter in Place Orders have had a significant effect on people's ability to work and earn an income, making it challenging for many to cover rent and lease payments.

Recommendation/Motion:

Recommendation: Amend motion made on May 20, 2020 to extend waivers for three more months as shown below.

Motion:

- 1) Approve General Manager's action to waive penalties and late fees for rents and charges for services that became delinquent during the period of April 1-~~June 30~~, September 30, 2020. Waive penalties and late fees on these delinquencies through June 30, 2021.
- 2) For non-essential businesses and essential businesses that remained closed:
 - waive requirement to find leases and commercial activity permits in default due to delinquency of payments which occurred from the period of April 1-~~June 30~~, September 30, 2020 and allow for repayment of rents over a twelve-month period or by June 30, 2021.
- 3) For berthers (slip holders & mooring patrons),
 - waive requirement to lien vessels due to delinquent payments which occurred from the period of April 1-~~June 30~~, September 30, 2020 and allow for repayment of rents over a twelve-month period or by June 30, 2021.

4) For essential business that remained open:

- waive requirement to terminate leases and commercial activity permits due to delinquent payments which occurred from the period of April 1-~~June 30~~, September 30, 2020 and allow for repayment of rents over a twelve-month period or by June 30, 2021.

Policy Implications:

- Would temporarily amend District's policy and procedures with respect to accounts receivable and collections limited to payments deferred.
- Would temporarily waive certain lease and commercial event permit requirements.

Fiscal Implications/Budget Status

Approval of recommended motions above will temporarily decrease inflow of cash in the near term and move collections to Fiscal Year 2020/21. The District has sufficient working capital to pay for District costs until the receivables are collected.

Background

The COVID-19 State of Emergency has resulted in people being laid off from jobs and the closure of businesses. This has placed significant financial burdens on individuals and businesses at Pillar Point Harbor and Oyster Point Marina. In addition, the State of Emergency is lasting longer than originally expected.

On May 20, 2020 the Harbor Commission approved waiving penalties and late fees on amounts that became due to the District from the period of April 1-June 30, 2020. The Harbor Commission also approved the deferral of collection activities until June 30, 2021.

To date the District has received seven requests for rent deferrals. Two of the seven have asked for further consideration. The approval of the amended motions above will provide the ability for rents to be deferred for the period of April 1- September 30, 2020. The motion will not change the date of deferred rents due as of June 30, 2021.

Summary/Recommendation:

Staff recommends that the Harbor Commission approve the motions as presented above.